

Message Text

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ACTION AGR-20

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R 112119Z SEP 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1710

INFO AMCONSUL WINNIPEG

UNCLAS OTTAWA 2182

PASS AGRICULTURE - GRAIN AND FEED, DAIRY AND POULTRY DIVISIONS,
W. SHARP/FAS

E.O. 11652: N/A

TAGS: EAGR, CA

SUBJECT: GOVERNMENT OF CANADA (GOC) WHEAT SUBSIDY ANNOUNCEMENT.

REF : OTTAWA 2123

1. OFFICE OF OTTO LANG, MINISTER RESPONSIBLE FOR CANADIAN
WHEAT BOARD (CWB) TODAY ISSUED AMPLIFICATION ON GOC WHEAT
SUBSIDY ANNOUNCEMENT REPORTED REFTEL.

2. MAXIMUM PRICES CHARGED TO MILLERS FOR WHEAT USED IN CANADA
ROLLED BACK TO LEVELS PREVAILING SHORTLY AFTER BEGINNING
CROP YEAR (AUGUST 1, 1973). AT SAME TIME C\$1.00 PER BUSHEL
SUBSIDY INCREASED TO C\$1.75. MAXIMUM PRICE PRODUCERS WILL
RECEIVE FOR BREAD AND DURUM WHEATS USED IN CANADA C\$5.00 AND
C\$7.50 RESPECTIVELY. THIS MEANS MILLERS PAY C\$3.25 AND C\$5.75
RESPECTIVELY.

3. AS RESULT WHEAT PRODUCERS AT PRESENT WILL RECEIVE SLIGHTLY
LESS RETURNS FROM DOMESTIC MARKET THAN CURRENT EXPORT PRICE
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LEVELS BUT GOC GUARANTEEING PRODUCERS WILL RECEIVE MINIMUM

PRICE C\$3.25 FOR ALL WHEAT INCLUDING DURUM FOR NEXT SEVEN YEARS. SHOULD WORLD PRICES FALL BELOW MAXIMUM SET FOR DOMESTIC CONSUMPTION, RETURN TO PRODUCERS WILL DECREASE ACCORDINGLY BUT NOT BELOW C\$3.25 DURING THIS PERIOD.

4. THIS NEW TWO PRICE PROGRAM EFFECTIVE IMMEDIATELY. COST TO FEDERAL TREASURY ESTIMATED WILL BE IN EXCESS C\$100 MILLION PER YEAR. GOC WILL PAY PRODUCERS THROUGH CWB IN WEST AND THROUGH ONTARIO WHEAT PRODUCERS' MARKETING BOARD IN ONTARIO.

5. COMMENT: NOTE THIS INCREASES C\$1.25 SUBSIDY AND TOTAL COST AS PROPOSED IN INTIAL ANNOUNCEMENT REPORTED REFTTEL.
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